

STATE MEDICAL LEGISLATION

Under the above caption, the *Journal of the American Medical Association* is printing in each number summaries of medical legislation proposed in various states. In the issue of February 25, 1938, the comments given below appeared concerning bills introduced in the California Legislature, now in session. Supplementary to other items in this issue of CALIFORNIA AND WESTERN MEDICINE,* the following informative data may be of interest to members of the California Medical Association. Excerpt follows:

CALIFORNIA

Bills Introduced.—S. 548 proposes so to amend the Insurance Code as to permit the organization of corporations to operate so-called nonprofit health and hospital service plans whereby there may be furnished by those corporations to their subscribers (1) medical care through licensed physicians employed by the corporation, (2) hospitalization, (3) nursing care, (4) dental care, and (5) drugs and medicines.

S. 696 proposes to authorize county boards of education to require school teachers to present certificates from physicians that they have submitted to physical examinations within three years last past and have been found free from tuberculosis.

A. 1018, to amend the State Food and Drug Act, proposes, among other things (1) to re-define the term "drug" so as to include specifically "all chemicals or substances of whatsoever nature in the treatment of obesity due to whatever cause," and (2) to provide that the standard of purity of drugs shall be that of the United States Pharmacopeia and National Formulary and such further standards of strength, quality or purity as the state board of health may make relating to drugs not in the United States Pharmacopeia or in the National Formulary, and the regulations and definitions adopted for the enforcement of the Federal Food and Drugs Act of 1906.

A. 1019 proposes to make the sale, dispensing, administering or prescribing of diphenylamin for any purpose a felony.

A. 1131, A. 1147, and A. 1177 propose to enact a new law to regulate the sale and distribution of drugs, cosmetics, and therapeutic devices.

A. 1147 and A. 1177 propose to regulate also the sale and distribution of food.

A. 1515, to amend the Workmen's Compensation Act, proposes (1) to give an injured employee the right to select a consulting physician, at the expense of the employer, if the employee is dissatisfied with the medical treatment being received from the physicians retained by the employer or insurance carrier; and (2) to provide that no injured workman, shall be required to submit to an examination by an independent expert medical examiner selected by the industrial commission.

S. 517, S. 1208, and S. 1215 propose to enact a so-called "Consumers' Protection Act" to regulate the sale, distribution and advertising of foods, drugs, cosmetics, and health devices.

S. 524 proposes to authorize the Director of Institutions, with the approval of the State Board of Control, to provide an institutional unit or units for the custodial care and treatment of defective or psychopathic delinquents of both sexes.

S. 551 proposes to enact a compulsory health insurance act whose so-called benefits are to be available to all employees in the state and to such other persons as voluntarily elect to come under the act. The benefits are to consist of all forms of medical, dental, hospital and nursing services, cash payments in the event of disability, and certain cash maternity benefits. These benefits are to be paid for from a payroll tax amounting to 6 per cent of wages paid.

S. 1128 and A. 2172 propose to establish a system of compulsory health insurance applicable to all persons now subject to unemployment insurance. The bill proposes to make available to such individual all forms of medical, dental and hospital services which will be paid for by means of an additional payroll tax. The bill also proposes to permit any other person to elect to come under the act if his annual income is not more than \$3,000.

A. 1203 proposes to enact an independent naturopathic practice act and to create a so-called "self-sustaining board of naturopathic examiners" to examine and license persons desiring to practice naturopathy.

A. 1505, to amend the Business and Professions Code, proposes that "All advertising of medical business or the actual practicing of any system or mode of treating the

(Continued on Advertising Page 54)

CALIFORNIA PHYSICIANS' SERVICE*

Questions and Answers Concerning the Medical Service Plan

The following questions and answers have been edited by the Board of Trustees of the California Physicians' Service; the answers, therefore, constitute the official statements of the California Physicians' Service:

(Note: All of the chapter and section numbers refer to chapter and section of the by-laws which furnish authority for the answer given.)

(Q.) *What is California Physicians' Service?*

(A.) It is a California non-profit corporation formed for the purpose of enabling its beneficiary members to pay their physicians and hospitals for medical and hospital care by means of pooling periodic payments. (Chap. 1, Sec. 1.)

(Q.) *Will anybody make a profit?*

(A.) No one. (Chap. 1, Sec. 1.)

(Q.) *What will the corporation do with the money it receives?*

(A.) A minimum amount of it will be used for administrative costs, hospitalization and the establishment of a reserve against the possible unforeseen risks such as epidemics. The rest of the money will be distributed to the doctors who give the service. (Chap. 1, Sec. 2.)

(Q.) *On what basis will be the doctors be paid?*

(A.) On the unit system. (Chap. 19, Sec. 2.)

(Q.) *What is meant by the unit system?*

(A.) A method of computing the compensation due to the physician who has rendered medical or surgical service whereby a proportional valuation is set upon each kind of service by counting each such service as a determined number of units. (Chap. 19, Sec. 1.)

(Q.) *How will the value of a unit be determined?*

(A.) First, a fee schedule in units will be adopted; each second month the total number of units of medical service furnished by the professional members that month and billed for will be added together; third, the total amount of money received will be computed; fourth, a proportion of this money will be set aside for cost of hospitalization, administration and reserve; fifth, the total amount of money remaining will be divided by the total amount of units and the result will be the monetary value of one unit for that month. (Chap. 19, Sec. 1.)

(Q.) *What would happen if there were not enough money in the fund to pay the unit value?*

(A.) This can't happen because the amount of money on hand, no matter how small, can always be divided by the number of units. This is the reason for the unit system rather than cash indemnity.

(Q.) *What would happen if there were more money than was needed to pay the full schedule established by the Board of Trustees?*

(A.) Such surplus will be handled as a reserve fund by the trustees and when they deem it possible they will distribute it on the unit system to those doctors who have previously received for their services less than the schedule provided as a maximum for the services so rendered. Any surplus beyond that will be used either to reduce rates to the beneficiaries or to extend the services offered them. (Chap. 19, Sec. 4.)

(Q.) *Are there different kinds of members?*

(A.) Yes. There are administrative members, professional members and beneficiary members. (Chap. 2, Sec. 1.)

(Q.) *May a person belong to more than one class of members?*

(A.) If he is otherwise eligible he may belong to all classes of members. (Chap. 2, Sec. 1.)

(Continued on Advertising Page 38)

* These questions and answers will be printed in a separate brochure, with copy of the by-laws, physician's registration blank, etc. A copy of the pamphlet will be sent to every doctor of medicine licensed in California. The address of the medical service corporation is California Physicians' Service, Mills Building, 220 Montgomery Street, San Francisco. Mr. Allen Widenham, manager. See also, in this issue, on page 210.

* See page 172 (editorial comment) and page 213 (list of bills).